



# CITY OF SALINAS

## PLANNING COMMISSION STAFF REPORT

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**DATE:** MARCH 18, 2026

**DEPARTMENT:** PUBLIC WORKS DEPARTMENT

**FROM:** MARIA CONTRERAS, MANAGEMENT ANALYST  
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**TITLE:** DEVELOPMENT IMPACT FEES ANNUAL ADJUSTMENT

RECOMMENDED MOTION:

No action is required. This report is to inform the Planning Commission and the development community of the proposed annual adjustment of City Development Impact Fees.

EXECUTIVE SUMMARY:

The Salinas City Council will hold a public hearing on April 21, 2026, to consider approving a Resolution to increase City Development Impact Fees by 2.8% effective July 1, 2026. The increase is based on the Engineering News Record (ENR) Construction Cost Index's (CCI) increase over the last year, which is consistent with the fee ordinance.

BACKGROUND:

To ensure new development pays its fair share, the City charges Development Impact Fees to fund improvements and expansion of infrastructure and public facilities to provide the required services to accommodate future development.

When properly established, Development Impact Fees serve the interests of both the community and developers. They provide the public with a reliable mechanism to expand essential facilities to meet the demands of growth, while allowing developers to address their project's impact on a fair and predictable basis. Individual developers are not held responsible for mitigating the large-scale impacts caused by cumulative growth. For instance, no single project is expected to fund a new fire station or a major sewer main upsizing. Instead, an appropriately adjusted fee program allows developers to pay their equitable and proportional share for these citywide improvements. This system also enables developers to address impacts identified under CEQA (California Environmental Quality Act) more efficiently, by passing the need for lengthy and costly individual studies.

Salinas Municipal Code Sections 9-40 through 9-50 defines and establishes the calculation of Development Impact Fees. Specifically, Section 9-42(b) allows for annual adjustments to Development Impact Fees based on fluctuating construction costs. To determine these adjustments, the City uses the Engineering New Record (ENR) Construction Cost Index, which is the recognized industry standard. The Construction Cost Index (CCI) as published by ENR is based

on a combination of labor rates and material costs across 20 major U.S. metropolitan areas to provide a reliable national average. Pursuant to Salinas Municipal Code Section 9-42(b), development impact fees may be adjusted annually based on the percentage change in this index from January to January. For this period, the CCI increased by 2.8% (January 1, 2025, to January 1, 2026), as detailed in the attached Construction Economics Summary, Attachment 1.

This report includes three exhibits detailing the specific fee adjustments. Exhibits A and B outline the current and proposed fee schedules for impacts to City infrastructure (such as sewers and traffic) and public facilities (including police and fire services). Additionally, Exhibit C provides a draft summary of the program's overall financial status, tracking both revenue and expenditure over the past year.

### Outreach

**Chamber of Commerce.** Before the Finance Committee reviews the proposed fee changes, City staff will email the proposed Development Impact Fee Annual Adjustment to the Salinas Valley Chamber of Commerce. The communication will include the details of the adjustment and a schedule of all upcoming public meetings.

**Development Community.** Before the Finance Committee reviews the proposed fee changes, City staff will email the proposed Development Impact Fee Annual Adjustment to Salinas developers including Future Growth Area developers, large private developers and the Central Coast Builders Association. The communication will include the details of the adjustment and a schedule of all upcoming public meetings.

### Public Notice

Consistent with Government Code 66014, a ten (10) day public hearing notice will be published in a local newspaper announcing the proposed fee adjustments. Additionally, a sixty (60) day public hearing notice for the City Development Impact Fee Annual Adjustment will be published in a local newspaper following City Council action on April 21, 2026. The proposed fees will become effective July 1, 2026.

### CEQA CONSIDERATION:

**Not a Project.** City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) pursuant to Sections 15378 and 15061(b)(3).

### CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No

### STRATEGIC PLAN INITIATIVE:

Updating Development Impact Fees to match the fluctuating cost of construction is consistent with the City Council Strategic Plan initiatives of Economic Development, Housing, Infrastructure, Public Safety and Youth and Seniors by investing in existing facilities and infrastructure to support future development, reducing City expenditures to address impacts due to growth, and by

providing adequate funding to additional need for policing and emergency medical services due to growth.

**DEPARTMENTAL COORDINATION:**

Public Works staff consulted with other City Departments to develop the recommendations herein, including Administration, Finance, and Legal. Should the City Council approve the recommendation, Public Works will continue to collaborate with these departments, along with Community Development for collection of fees.

**FISCAL AND SUSTAINABILITY IMPACT:**

Adjusting fees to match the ENR Construction Cost Index ensures that revenues keep pace with inflation. This prevents construction cost increases from burdening the General Fund, ensuring that that new development pays for its own infrastructure impacts.

The table below summarizes the percentage increases applied over the most recent five-year period along with the proposed adjustment.

**Development Impact Fee Adjustment History (2021-2027)**

<b>Fiscal Year (FY)</b>	<b>Fee Increase (%)</b>
2021-2022	2.1%
2022-2023	8.0%
2023-2024	4.9%
2024-2025	2.6%
2025-2026	1.6%
<b>2026-2027</b>	<b>2.8%</b>

**ATTACHMENTS:**

- Attachment 1 - ENR Construction Economics Summary
- Exhibit A – Public Infrastructure Fee Schedule
- Exhibit B-1 – Public Facilities Fee Schedule
- Exhibit B-2 – Public Facilities Fee Schedule for Residential Development
- Exhibit C – Statement of Revenue and Expenditures for Development Impact Fees (draft)